
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sinotruk (Hong Kong) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

**(1) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and Independent Shareholders**



FIRST SHANGHAI CAPITAL LIMITED

A notice of an extraordinary general meeting of Sinotruk (Hong Kong) Limited to be held at 3:00 p.m. on Wednesday, 18 December 2024 is set out on pages EGM-1 to EGM-2 of this circular.

A letter from the Board is set out on pages 5 to 14 of this circular and a letter from the independent board committee of the Company, containing its recommendation to the independent shareholders of the Company, is set out on pages 15 to 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders of the Company is set out on pages 17 to 24 of this circular.

Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

29 November 2024

TABLE OF CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	15
Letter from the Independent Financial Adviser	17
Appendix I — General information	I-1
Notice of extraordinary general meeting	EGM-1

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

“2022 Weichai Parts Purchase Agreement”	the agreement dated 4 March 2022 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its associates), under which Weichai Holdings and its associates have agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group
“2023 Weichai Parts Purchase Agreement”	the agreement dated 2 November 2022 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its associates) and as supplemented by the supplemental agreement dated 30 October 2023, under which Weichai Holdings and its associates have agreed to supply raw materials, parts, components, assemblies, semi-finished products and related services, etc. to the Group
“2024 Weichai Parts Purchase Agreement”	the agreement dated 30 October 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of the Weichai Group), under which the Weichai Group has agreed to supply raw materials, parts, components, assemblies, semi-finished products and related services, etc. to the Group
“2025 Weichai Parts Purchase Agreement”	the agreement dated 29 October 2024 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of the Weichai Group), details of which are set out in the section headed “2025 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“Associate(s)”	has the meaning ascribed to an “associate” under Rule 14A.06(2) of the Listing Rules, and further includes any company that constitutes a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules due to such associate’s shareholding therein
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Operation Department”	has the meaning ascribed thereto under the section headed “2025 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular

DEFINITIONS

“CNHTC”	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited*), a state-owned enterprise organised under the laws of the PRC with limited liability, being the substantial shareholder of the Company
“CNHTC Group”	CNHTC and its Associates
“Company”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction”	the continuing connected transaction of the Group set out in this circular
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary meeting of the Company to be held on Wednesday, 18 December 2024, the notice of which forms part of this circular
“FPFPS”	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (Privatstiftung) (trust), being the beneficiary owner of 25% of the entire issued share capital of the Company plus 1 Share
“Gratuitous Transfers”	the transfer of 45% of the equity interest in CNHTC by 濟南市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Ji’nan Municipal People’s Government*) and the transfer of 20% of the equity interest in CNHTC by 山東省國有資產投資控股有限公司 (Shandong State-owned Assets Investment Holdings Co., Ltd.*), both to SHIG for nil consideration (無償劃轉) as provided in the Company’s announcement dated 28 February 2022, and upon the completion of which on 28 February 2022, Weichai Holdings, being a wholly-owned subsidiary of SHIG, became a connected person of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Lyu Shousheng, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Zhang Zhong and Dr. Liu Xiaolun

DEFINITIONS

“Independent Financial Adviser”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2025 Weichai Parts Purchase Agreement
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the general meeting of the Company in respect of the transactions contemplated under the 2025 Weichai Parts Purchase Agreement
“Latest Practicable Date”	Tuesday, 26 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Cap”	the new annual cap for the Continuing Connected Transaction
“Parts For Purchase”	has the meaning ascribed thereto under the section headed “2025 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the shares in the Company
“SHIG”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.*), a company established in the PRC with limited liability which is a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Weichai Group”	Weichai Holdings and its Associates, but excluding any member of the Group which constitutes an associate of Weichai Holdings solely due to SHIG’s indirect interest in the Shares of the Company
“Weichai Holdings”	濰柴控股集團有限公司 (Weichai Group Holdings Limited*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of SHIG
“Weichai Interested Director”	Mr. Wang Zhijian
“%”	per cent

* *For identification purposes only*

LETTER FROM THE BOARD



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

Executive Directors:

Mr. Wang Zhijian (*Chairman*)
Mr. Wang Chen (*President*)
Mr. Liu Zhengtao
Mr. Liu Wei
Ms. Li Xia
Mr. Richard von Braunschweig

Non-executive Directors:

Mr. Cheng Guangxu
Mr. Karsten Oellers
Mr. Mats Lennart Harborn

Independent non-executive Directors:

Dr. Wang Dengfeng
Mr. Zhao Hang
Mr. Liang Qing
Mr. Lyu Shousheng
Mr. Zhang Zhong
Dr. Liu Xiaolun

Headquarters:

Sinotruk Tower
No. 777 Hua'ao Road
Innovation Zone
Ji'nan City, Shandong Province
PRC
Post code: 250101

Registered office:

Units 2102-03
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

29 November 2024

To the Shareholders

Dear Sir/Madam,

**(1) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Company's announcement dated 29 October 2024 in respect of the 2025 Weichai Parts Purchase Agreement.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details in relation to the Continuing Connected Transaction contemplated under the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the same.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 to this circular.

2025 WEICHAI PARTS PURCHASE AGREEMENT

In order to continue the Continuing Connected Transaction with the Weichai Group following the expiry of the 2024 Weichai Parts Purchase Agreement, the Company (for itself and on behalf of its subsidiaries) entered into the 2025 Weichai Parts Purchase Agreement with Weichai Holdings (for itself and on behalf of the Weichai Group), on terms substantially the same as those of the 2024 Weichai Parts Purchase Agreement.

The principal terms of the 2025 Weichai Parts Purchase Agreement and the transactions contemplated thereunder are as follows:

Date	:	29 October 2024
Parties	:	(1) Weichai Holdings (2) The Company
Term	:	One year from 1 January 2025 to 31 December 2025 (both days inclusive)

Subject matter:

Pursuant to the 2025 Weichai Parts Purchase Agreement, the Weichai Group has agreed to sell raw materials, parts and components, assemblies, semi-finished products (including but not limited to engines, gearboxes and axles) and related services, etc. ("**Parts For Purchase**") to the Group.

Other terms and details:

The terms of the 2025 Weichai Parts Purchase Agreement are substantially the same as those of the 2024 Weichai Parts Purchase Agreement.

LETTER FROM THE BOARD

Pursuant to the 2025 Weichai Parts Purchase Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the Weichai Group which will further provide the details of the parts to be purchased including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of parts will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes, bills or letters of credit within 120 days from the date of purchase.

Pricing

Pursuant to the terms of the 2025 Weichai Parts Purchase Agreement, the Weichai Group will provide the Group with a selling price list of its parts which is applicable to all of its customers. Based on the aforesaid price list provided by the Weichai Group and the price quotation offered by other qualified suppliers, the Group will negotiate with all qualified suppliers including the Weichai Group to determine the agreed prices of all the parts, after taking into consideration the market conditions at the relevant time, the size of orders and the technical conditions, and all the purchases of parts from independent suppliers and the Weichai Group will be fixed at these agreed selling prices. The Group will prepare a parts purchase price list, which summarises all agreed parts purchase prices with independent parts suppliers and the Weichai Group, for all procurement departments of the Group to follow. Accordingly, the prices for the transactions under the 2025 Weichai Parts Purchase Agreement will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by the Weichai Group are no less favourable to the Group than those offered by independent third parties.

Previous Caps

The following table summarises the previous caps for the transactions contemplated under the 2022 Weichai Parts Purchase Agreement for the year ended 31 December 2022, the transactions contemplated under the 2023 Weichai Parts Purchase Agreement for the year ended 31 December 2023 and the transactions contemplated under the 2024 Weichai Parts Purchase Agreement for the year ending 31 December 2024:

	For the year ended 31 December 2022	For the year ended 31 December 2023	For the year ending 31 December 2024
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Previous caps	16,236,000	17,680,000	29,200,000

LETTER FROM THE BOARD

Historical transaction amounts

The following table summarises the approximate historical amounts in respect of the purchase of the Parts For Purchase from the Weichai Group for the two years ended 31 December 2023 and for the nine months ended 30 September 2024, respectively:

	For the year ended 31 December 2022	For the year ended 31 December 2023	For the nine months ended 30 September 2024
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amounts	4,712,000 ^(note)	14,175,000	12,767,000

Note: This amount comprises (1) the actual transaction amount for the period from 1 March 2022 to 31 December 2022 of approximately RMB3,933,950,000 (as disclosed in the Company's annual report for the year ended 31 December 2022) which represents the actual transaction amount for the year 2022 following Weichai Holdings becoming a connected person of the Company upon the completion of the Gratuitous Transfers; and (2) the actual transaction amount for the period from 1 January 2022 to 28 February 2022 which represents the actual transaction amount for the year 2022 prior to such transactions becoming connected transactions of the Company.

Proposed New Cap and basis

The proposed New Cap for the year ending 31 December 2025 for the transactions contemplated under the 2025 Weichai Parts Purchase Agreement is RMB24,000 million.

The proposed New Cap for the year ending 31 December 2025 for the transactions contemplated under the 2025 Weichai Parts Purchase Agreement was determined after considering the following factors:

- (i) the actual transaction amount of purchase from the Weichai Group for the nine months ended 30 September 2024 which amounts to approximately RMB12,767 million, representing a year-on-year increase of approximately 28% compared to the historical transaction amount for the nine months ended 30 September 2023 of approximately RMB9,975 million. Based on the realised growth rate in 2024 and the historical transaction amount for the year ended 31 December 2023 of approximately RMB14,175 million, the total transaction amount for the year ending 31 December 2024 is expected to be RMB18,144 million. The proposed New Cap for the year 2025 represents an increase of RMB5,856 million compared to the expected total transaction amount for the year 2024 due to factors as further elaborated in the following paragraphs;

LETTER FROM THE BOARD

- (ii) domestically, governmental policies have been consistently promoting the retirement and replacement of aged vehicles. Local governments have set the targets for retirement and replacement of China III Emission Standard vehicles and China IV Emission Standard vehicles in 2024 to 2028, which creates the potential for vehicles replacement and supports the increase in sales volume of new energy vehicles in the industry. In particular, led by the “dual-carbon strategy, the energy saving and carbon reducing action plans of various industries and clean transportation requirements in key segments have been implemented, driving a profound structural reform of logistics and transportations. In the meantime, with the increasing policy support, the increase in demand for new energy vehicles has accelerated and the penetration rates of new energy vehicles have shown a continuous increasing trend. Based on the growth momentum of the new energy products in the industry and the Group’s development plan, it is expected that the sales volume of the Group’s new energy products in 2025 would increase by more than 230% and considering the structural adjustment of the Group’s new energy products, the purchase of new energy Parts For Purchase such as batteries from the Weichai Group will continue to increase, resulting in an increase of approximately RMB2,000 million in the purchase of Parts For Purchase such as batteries by the Group from the Weichai Group in 2025 compared to that of 2024;
- (iii) the steady implementation of Belt and Road Initiative and the internationalisation strategy of RMB, together with the improvement in quality of domestic vehicles, contribute to the expectation in increase of scale of export. In addition, the Group is accelerating the establishment progress of its overseas subsidiaries and part centre depots, and the scale of the Group’s after-sales services has been increasing. As such, an increase of approximately RMB1,000 million in the purchase of relevant Parts for Purchase is expected to incur to meet such demand;
- (iv) in 2024, the Group has been consolidating and improving its product competitiveness by utilising its advantageous products such as high-end, AMT trending products, and high-horsepower natural gas trucks. Following the implementation of the standardisation of distribution and service network, the Group’s capabilities in operations, marketing and risk resistance have been enhanced significantly. With the combined effect of the aforesaid factors, it is expected that there would be a steady increase in the demand of the Group’s products, and such factors would in turn result in an increase of approximately RMB2,800 million in the purchase of the relevant Parts For Purchase by the Group from the Weichai Group to equip its vehicle products in 2025; and
- (v) the actual transaction amount for the year ended 31 December 2023 of approximately RMB14,175 million represents a utilisation rate of approximately 80% of the previous annual cap for the year ended 31 December 2023 under the 2023 Weichai Parts Purchase Agreement, and the annualised transaction amount for the year ending 31 December 2024 (based on the actual transaction amount for the nine months ended 30 September 2024) represents a utilisation rate of approximately 58% of the existing annual cap for the year ending 31 December 2024. Taking into account the aforesaid utilisation rates, the proposed New Cap for the year ending 31 December 2025 has been adjusted downwards from the existing annual cap for the year ending 31 December 2024 under the 2024 Weichai Parts Purchase Agreement.

LETTER FROM THE BOARD

For the abovementioned reasons, it is believed that the Group's purchase of the Parts For Purchase from the Weichai Group for the year ending 31 December 2025 will be in line with the trend of increase as demonstrated by the historical transaction amount for the nine months ended 30 September 2024. In light of the expected increase in the sales volume of heavy duty trucks and light duty trucks of the Group and the annualised utilisation rate of the cap for the year ending 31 December 2024, the Board proposed that the New Cap for the year ending 31 December 2025 under the 2025 Weichai Parts Purchase Agreement be set at RMB24,000 million.

The 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Internal control procedures

In order to ensure that the prices of each of the transactions are determined in accordance with the pricing policy applicable to the 2025 Weichai Parts Purchase Agreement, and the prices are no less favourable than those provided to the Group by independent third parties, the Group will ask for quotations from the independent third party suppliers and the Weichai Group. Based on these quotations, it will cross check the prices of the parts offered by the independent third party suppliers and the Weichai Group. If the Group also produces such parts, it will also compare the intragroup selling prices of the Group against those offered by the Weichai Group. The Group will then negotiate with the independent third party suppliers and the Weichai Group to finalise the prices of the parts and compile the parts price list for the relevant parts to be purchased, after taking into consideration the market conditions at the relevant time and the technical conditions. By conducting the aforesaid comparisons of the prices of the parts offered by the Weichai Group, the Group ensures that the prices of the parts offered by the Weichai Group are fair and reasonable.

In addition, the procurement department of subsidiaries of the Group may use the open tender for procurement by inviting at least two to three independent suppliers and the Weichai Group. The quotation review committee of the Group comprising experts from the procurement department, the technical department and the finance department will review and assess the quotations from technical, commercial and financial perspectives and make recommendations to the responsible management or executive Directors. The value engineering department will oversee the quotation review process to ensure that the prices of the parts to be purchased from the Weichai Group are competitive and comparable to those offered by independent third parties.

Further, the Group has established procedures for monitoring the Continuing Connected Transaction in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Company's Capital Operation Department ("**Capital Operation Department**") carries out regular meetings on the management and control of continuing connected transactions to monitor and ensure the relevant Continuing Connected Transaction is in compliance with the relevant rules and regulations. The Group's Finance & Operation Management Department prepares, on a monthly basis, the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of the Continuing Connected Transaction and checks the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of the Continuing Connected Transaction against the respective pre-approved cap. If any maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) exceeds 70%

LETTER FROM THE BOARD

of the pre-approved annual cap, the Continuing Connected Transaction will be reported to the Capital Operation Department for monitoring, follow-up and, if necessary, revision of the annual cap in accordance with the requirements of the Listing Rules. The Group's internal audit department will conduct semi-annual and annual reviews to check whether these transactions are conducted in accordance with the established procedures and internal controls and assess the effectiveness of the internal controls. In addition, the Company will engage the external auditors of the Company to conduct an annual review of the relevant Continuing Connected Transaction of the Group to report to the Board on whether there are any unapproved Continuing Connected Transaction or any non-compliance, in all material respects, of the pricing policies and terms of the Continuing Connected Transaction, including any exceeding of the pre-approved annual cap.

Reasons and benefits of entering into the 2025 Weichai Parts Purchase Agreement

The Weichai Group has been supplying the Parts For Purchase to the Group. The 2024 Weichai Parts Purchase Agreement, which governed such transactions, will expire at the end of 2024 and the Group intends to continue the relevant transactions with the Weichai Group after the expiry of the 2024 Weichai Parts Purchase Agreement.

The Weichai Group is able to make up for the Group's shortfall in certain power range and the engines produced by the Weichai Group enjoy strong product competitiveness in the market. By purchasing and equipping the Group's products with the Parts For Purchase from the Weichai Group, the Group is able to diversify its product portfolios, make up for its deficiency in segment markets and regional markets, and increase the market share of various model series of its products. The Group has been purchasing the Parts For Purchase from the Weichai Group in recent years. Such cooperation has won wide market recognition and contributed to the increase in the sales volume of the Group's products. In view of the market's demand and recognition of the Group's vehicle products equipped with the Parts For Purchase, the Board considers it will be in the interest of the Group to continue purchasing the Parts For Purchase from the Weichai Group. Given the expected increase in the demand in the Group's products in the year 2025, the Group would increase its procurement of the Parts For Purchase from the Weichai Group to meet such demand. The expected increase in sales of the Group's products equipped with the Parts For Purchase is expected to increase the overall sale volumes of the products of the Group and, in turn, the revenue of the Group.

In light of the above, the Board (including the independent non-executive Directors but excluding the Weichai Interested Director) believed that it was in the best interest of the Group to continue purchasing the Parts For Purchase from the Weichai Group.

The terms of the 2025 Weichai Parts Purchase Agreement were made after arm's length negotiations between the Company and Weichai Holdings. The Board (including the independent non-executive Directors but excluding the Weichai Interested Director) was of the view that the transactions contemplated under the 2025 Weichai Parts Purchase Agreement were on normal commercial terms, no less favourable than those available from independent third parties under prevailing local market conditions; the 2025 Weichai Parts Purchase Agreement was entered into in the ordinary and usual course of business of the Group; and the terms of the transactions under the 2025 Weichai Parts Purchase Agreement (including the proposed New Cap) were fair and reasonable, and were in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES TO THE 2025 WEICHAI PARTS PURCHASE AGREEMENT

The Company

The Company is principally engaged in investment holding. The Group primarily specialises in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, buses, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. The Company is ultimately governed and controlled by 山東省人民政府國有資產監督管理委員會 (Shandong Provincial State-owned Assets Supervision and Administration Commission*).

Weichai Holdings

Weichai Holdings, being a wholly-owned subsidiary of SHIG, is a company established in the PRC with limited liability. According to the public information available, the Weichai Group is principally engaged in the manufacturing and sale of engines, heavy duty trucks, gear boxes, parts and components of heavy duty trucks and hydraulics controlling parts.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Weichai Holdings is wholly-owned by SHIG which is, in turn, one of the leading automobile and equipment groups in the PRC. SHIG was owned as to 70% by 山東省人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Shandong Government*), 20% by 山東國惠投資控股集團有限公司 (Shandong Guohui Investment Holding Group Co., Ltd.*) and 10% by 山東省財欣資產運營有限公司 (Shandong Caixin Asset Management Co., Ltd.*). To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, 山東國惠投資控股集團有限公司 (Shandong Guohui Investment Holding Group Co., Ltd.*) and 山東省財欣資產運營有限公司 (Shandong Caixin Asset Management Co., Ltd.*) are both PRC state-owned entities.

IMPLICATION UNDER THE LISTING RULES

SHIG is a substantial shareholder of the Company indirectly interested in 51% of the Shares and a connected person of the Company. Weichai Holdings is a wholly-owned subsidiary of SHIG and, hence, Weichai Holdings is an associate of SHIG and is also a connected person of the Company. Accordingly, the transactions between the Group and the Weichai Group as contemplated under the 2025 Weichai Parts Purchase Agreement constitute continuing connected transactions of the Company.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2025 Weichai Parts Purchase Agreement (on an annual basis) exceeds 5%, such transactions are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held on 29 October 2024 approving, *inter alia*, the 2025 Weichai Parts Purchase Agreement, in view of his position in the relevant connected persons, the Weichai Interested Director, namely Mr. Wang Zhijian, has abstained from voting on the resolution approving the 2025 Weichai Parts Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the Continuing Connected Transaction.

LETTER FROM THE BOARD

APPROVAL BY INDEPENDENT SHAREHOLDERS

According to Chapter 14A of the Listing Rules, the Company will seek approval from the Independent Shareholders for the 2025 Weichai Parts Purchase Agreement (including the relevant proposed New Cap), and the transactions contemplated thereunder, at the general meeting of the Company. SHIG and its associates will abstain from voting in relation to the relevant resolution. As at the Latest Practicable Date, SHIG was interested in 1,408,106,603 Shares, representing approximately 51% of the total issued share capital of the Company.

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Continuing Connected Transaction (namely, the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap). The Independent Financial Adviser has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

EXTRAORDINARY GENERAL MEETING

A notice of the EGM to be held at 3:00 p.m. on Wednesday, 18 December 2024 at the meeting centre at No. 688 Shunhua South Road, Licheng District, Ji'nan City, Shandong Province, PRC (as the principal meeting venue) and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong (as the additional meeting venue) is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is enclosed herewith. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the EGM. The completion of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

The EGM of the Company will be held on Wednesday, 18 December 2024. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM is Wednesday, 18 December 2024 and the register of members of the Company will be closed from Friday, 13 December 2024 to Wednesday, 18 December 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend and vote in the EGM, holders of Shares must lodge their Share certificates together with the relevant Share transfer documents with Computershare Hong Kong Investor Services Limited, the Share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 12 December 2024.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. At the EGM, the chairman of the EGM will therefore demand a poll for every resolution put to vote of the EGM pursuant to article 61 of the Articles.

LETTER FROM THE BOARD

Save as disclosed, no Shareholder is required to abstain from voting in respect of the resolution to be proposed at the EGM.

RECOMMENDATIONS

The Board considers that (i) the terms of the 2025 Weichai Parts Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (ii) the entering into the 2025 Weichai Parts Purchase Agreement (including the relevant proposed New Cap) and the relevant transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and, accordingly, recommends the Shareholders to vote in favour of the relevant resolution in relation to the foregoing at the forthcoming EGM.

Your attention is also drawn to the letter from the Independent Board Committee which is set out on pages 15 to 16 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the 2025 Weichai Parts Purchase Agreement (including the relevant proposed New Cap) are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the 2025 Weichai Parts Purchase Agreement (including the relevant proposed New Cap) and the transactions thereunder to be proposed at the EGM.

Yours faithfully
By order of the Board
Sinotruk (Hong Kong) Limited
Wang Zhijian
Chairman of the Board

* *For identification purposes only*



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

29 November 2024

To the Independent Shareholders

Dear Sir/Madam,

We refer to the circular (the “**Circular**”) of the Company dated 29 November 2024 of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the 2025 Weichai Parts Purchase Agreement (including the relevant proposed New Cap), and to advise the Independent Shareholders on whether the same are fair and reasonable so far as the Independent Shareholders are concerned and are in interests of the Company and the Shareholders as a whole. First Shanghai Capital Limited has been appointed as the independent finance adviser to give recommendations to the Independent Board Committee and the Independent Shareholders in respect of the above matters.

We wish to draw your attention to the letter from the Board set out on pages 5 to 14 of the Circular and the letter from the Independent Finance Adviser set out on pages 17 to 24 of the Circular.

Having considered the information set out in the letter from the Board, the terms of the 2025 Weichai Parts Purchase Agreement and the advice of the Independent Financial Adviser in relation thereto, we are of the view that the 2025 Weichai Parts Purchase Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group; the terms of the 2025 Weichai Parts Purchase Agreement (including the relevant proposed New Cap) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the 2025 Weichai Parts Purchase Agreement (including the relevant proposed New Cap).

Yours faithfully
For and on behalf of the Independent Board Committee

Lyu Shousheng
Independent non-executive Director

Wang Dengfeng
Independent non-executive Director

Zhao Hang
Independent non-executive Director

Liang Qing
Independent non-executive Director

Zhang Zhong
Independent non-executive Director

Liu Xiaolun
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction (namely, the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap) for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

29 November 2024

*To the Independent Board Committee and
the Independent Shareholders*

Sinotruk (Hong Kong) Limited
Units 2102-03
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sir or Madam,

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions (namely, the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap), details of which are set out in the circular of the Company to the Shareholders dated 29 November 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

The Group has been conducting and is expected to continue to conduct the continuing connected transactions with the Weichai Group pursuant to the 2024 Weichai Parts Purchase Agreement from time to time. Given (i) the 2024 Weichai Parts Purchase Agreement will soon expire on 31 December 2024; and (ii) the anticipated continuation of the continuing connected transactions in the coming year, the Company and Weichai Holdings entered into the 2025 Weichai Parts Purchase Agreement on 29 October 2024, on substantially the same terms as the 2024 Weichai Parts Purchase Agreement, to renew the continuing connected transactions for the period up to 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Weichai Holdings is a wholly-owned subsidiary of SHIG, which is a controlling shareholder of the Company, therefore Weichai Holdings is a connected person of the Company. Accordingly, the transactions contemplated under the 2025 Weichai Parts Purchase Agreement constitute continuing connected transactions of the Company. As stated in the letter from the Board in the Circular (the “**Board Letter**”), the Continuing Connected Transaction (namely, the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap) are subject to, among other things, approval by the Independent Shareholders at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lyu Shousheng, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Zhang Zhong and Dr. Liu Xiaolun, has been established to advise the Independent Shareholders in respect of the Continuing Connected Transaction (namely, the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap). We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

The Independent Shareholders should note that, within the past two years, we were previously engaged as independent financial adviser by the Company for several occasions regarding (i) the 2023 Weichai Parts Purchase Agreement as disclosed in the circular of the Company dated 2 December 2022; (ii) certain continuing connected transactions with CNHTC as disclosed in the circular of the Company dated 29 May 2023; (iii) the 2024 Weichai Parts Purchase Agreement as disclosed in the circular of the Company dated 27 November 2023; and (iv) certain connected transaction and continuing connected transactions in relation to a connected finance company as disclosed in the announcement of the Company dated 11 November 2024 (collectively, the “**Previous Engagements**”). Apart from normal professional fees paid or payable to us in connection with the Previous Engagements, we did not have any other relationships or interests with the Company within the past two years from the Latest Practicable Date. Given (i) our independent role in the Previous Engagements; (ii) none of the members of our parent group is a direct party to the 2025 Weichai Parts Purchase Agreement; (iii) apart from normal professional fees paid or payable to us in connection with the Previous Engagements and this engagement, no arrangement exists whereby we have received or will receive any fees or benefits from the Company; and (iv) our fee for the current engagement with the Company, in addition to those for the Previous Engagements, represents an insignificant percentage of our revenue, we consider that the Previous Engagements would not affect our independence, and we consider ourselves independent to form our opinion in respect of the Continuing Connected Transaction (namely, the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group (the “**Management**”), and have assumed that all such information and representations made or referred to in the Circular and provided to us by the Management were true at the time they were made and continued to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Management nor have we conducted any form of investigation into the business, affairs or future prospects of the Group and the Weichai Group. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with note 1 to Rule 13.80 of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Continuing Connected Transaction (namely, the 2025 Weichai Parts Purchase Agreement and the relevant proposed New Cap), we have taken into account the following principal factors and reasons:-

1. Background to and reasons for the Continuing Connected Transaction

The Group primarily specialises in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, buses, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. The Company is ultimately governed and controlled by 山東省人民政府國有資產監督管理委員會 (Shandong Provincial State-owned Assets Supervision and Administration Commission). We have reviewed the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”) and we note that the sales of (i) heavy duty trucks; (ii) light duty trucks and others; and (iii) engines collectively accounted for over 98% of the total revenue of the Group for the year ended 31 December 2023 and for the six months ended 30 June 2024, while the remaining revenue was primarily from the provision of financial services.

The Weichai Group is principally engaged in the manufacturing and sale of engines, heavy duty trucks, gear boxes, parts and components of heavy duty trucks and hydraulics controlling parts. Weichai Holdings is a wholly-owned subsidiary of SHIG, which is a controlling shareholder of the Company and is a state-owned enterprise ultimately governed and controlled by 山東省人民政府國有資產監督管理委員會 (Shandong Provincial State-owned Assets Supervision and Administration Commission).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group has been conducting and is expected to continue to conduct the continuing connected transactions, being the purchase of raw materials, parts and components, assemblies, semi-finished products (including but not limited to engines, gearboxes and axles) and related services, etc., from the Weichai Group pursuant to the 2024 Weichai Parts Purchase Agreement. We have discussed with the Management and we understand that the purchase transactions under the 2024 Weichai Parts Purchase Agreement are primarily for the manufacturing needs in the ordinary and usual course of business of the Group.

Given (i) the 2024 Weichai Parts Purchase Agreement will soon expire on 31 December 2024; and (ii) the anticipated continuation of the continuing connected transaction in the coming year, the Company and Weichai Holdings entered into the 2025 Weichai Parts Purchase Agreement on 29 October 2024, on substantially the same terms as the 2024 Weichai Parts Purchase Agreement, to renew for the period up to 31 December 2025.

Having considered, in particular, (i) the purchase transactions under the 2024 Weichai Parts Purchase Agreement and the 2025 Weichai Parts Purchase Agreement are primarily for the purchasing of parts for the manufacturing needs of the Group; (ii) the 2025 Weichai Parts Purchase Agreement is for the continuation of the 2024 Weichai Parts Purchase Agreement, which will soon expire on 31 December 2024; and (iii) the terms of the Continuing Connected Transaction (including the relevant proposed New Cap) are fair and reasonable as discussed below, we are of the view that the entering into of the Continuing Connected Transaction is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Continuing Connected Transaction

The 2025 Weichai Parts Purchase Agreement was entered into on 29 October 2024, on substantially the same terms as the 2024 Weichai Parts Purchase Agreement, for the period up to 31 December 2025. In respect of the principal terms of the 2025 Weichai Parts Purchase Agreement, (i) the prices will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by the Weichai Group are no less favourable to the Group than those offers by independent third parties; and (ii) full payment shall be made within 120 days from the date of purchase. Further details of the terms of the Continuing Connected Transaction are set out in the Board Letter.

In respect of the internal control measures for the Continuing Connected Transaction, we note that, among other things, (i) the Group will ask for quotations and cross check the prices from the independent third party suppliers and the Weichai Group, so as to ensure the procurement prices from the Weichai Group are no less favourable to the Group than those from independent third parties; (ii) several departments of the Group will monitor and review the Continuing Connected Transaction and the internal control measures as detailed in the Board Letter; and (iii) the external auditors of the Company and the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions of the Group in accordance with the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note from the annual reports of the Company for each of the two years ended 31 December 2023 that, in accordance with the Listing Rules, (i) the Company had engaged external auditors to report on the continuing connected transactions of the Group for each of the two years ended 31 December 2023 and the external auditors of the Company had issued unqualified letters in respect of such transactions; and (ii) the independent non-executive Directors had also reviewed the continuing connected transactions of the Group for each of the two years ended 31 December 2023 and confirmed that such transactions were, among other things, on normal commercial terms or better and on terms that were fair and reasonable.

In addition, we have reviewed three sets of sample transaction documents with the Weichai Group regarding the type of purchases under the 2024 Weichai Parts Purchase Agreement, where we have also reviewed the relevant price list and the relevant terms with independent third parties in relation to each set of the aforementioned sample. We consider the reviewed sample connected transaction documents to be sufficient because, in respect of selection criteria, (i) they were sample transactions under the 2024 Weichai Parts Purchase Agreement which were randomly selected from a list of relevant purchases and involved relevant purchases by the Group from the Weichai Group; (ii) they were transactions that took place recently within the past year that can reflect the latest practice of the Group; and (iii) as we did not identify issues when we reviewed such samples therefore we did not require further samples and this sample size is in line with our usual practice. We understand that the terms of these reviewed transactions with the Weichai Group had adhered to the aforementioned principles, where the pricing terms with the Weichai Group were no less favourable than those with independent third parties. Furthermore, in respect of credit period, we have also (i) compared the credit period for the transactions under the 2024 Weichai Parts Purchase Agreement with the credit periods provided by independent third party suppliers, where we note that the credit period with the Weichai Group was no less favourable than those with the independent third party suppliers; and (ii) reviewed the latest published financial report of the Company and we understand that approximately 68% of the trade and bills payables as at 30 June 2024 were aged less than three months based on invoice date, hence we note that the credit period of 120 days under the 2025 Weichai Parts Purchase Agreement is in general no less favourable to the Group.

Having considered, in particular, (i) our review of the pricing terms of the 2024 Weichai Parts Purchase Agreement and the 2025 Weichai Parts Purchase Agreement, being no less favourable than those with independent third parties; (ii) the internal control measures of the Group, particularly the review and comparison of the terms with independent third parties; and (iii) the track record of compliance where the independent auditors of the Company and the independent non-executive Directors had reviewed and will continue to review the transactions contemplated under the 2025 Weichai Parts Purchase Agreement, we are of the view that (i) the Group has sufficient internal control measures for governing the Continuing Connected Transaction from time to time; and (ii) the terms of the Continuing Connected Transaction are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The New Cap

The following table sets out the historical actual transaction amounts of the type of transactions contemplated under the 2024 Weichai Parts Purchase Agreement for each of the years ended 31 December 2022 and 2023 and the nine months ended 30 September 2024, as well as the proposed New Cap for the year ending 31 December 2025.

	Historical actual transaction amounts			New Cap
	For the year ended		For the nine	For the year
	31 December		months ended	ending 31
	2022	2023	30 September	December
	RMB million	RMB million	RMB million	RMB million
Transaction amount	4,712 [#]	14,175	12,767	24,000

[#] Note: With reference to the announcement of the Company dated 28 February 2022, the completion of the gratuitous transfers took place on 28 February 2022 and, thereafter, members of the Weichai Group become connected persons of the Company. The transaction amount from March 2022 to December 2022 was approximately RMB3,934 million.

We have reviewed the relevant historical actual transaction amounts and the proposed New Cap and we note that:

- the historical actual transaction amount for the nine months ended 30 September 2024 was approximately RMB12,767 million, representing a year on year growth of approximately 28% (as compared with the historical actual transaction amount for the nine months ended 30 September 2023 of approximately RMB9,975 million) (the “**2024 Achieved Growth Rate**”), and we understand that the historical actual transaction amount for the year ended 31 December 2023 increasing by the 2024 Achieved Growth Rate would result in an amount of approximately RMB18,144 million (the “**2024 Assumed Transaction Amount**”); and
- the proposed New Cap for the year ending 31 December 2025 of RMB24,000 million represents an annual increase of approximately 32% (as compared with the 2024 Assumed Transaction Amount), which is (i) comparable with the 2024 Achieved Growth Rate of approximately 28% with a slight buffer; and (ii) no higher than the recently achieved annual growth of the historical actual transaction amount for the year ended 31 December 2023, being the latest financial year, of approximately 201%.

We understand from the Board Letter that the business scale of the Group is expected to increase given, among other things, (i) government policies have been consistently promoting the retirement and replacement of aged vehicles; and (ii) the Group has been consolidating and improving its product competitiveness and product portfolios.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed statistics published by 中國汽車工業協會 (China Association of Automobile Manufacturers) (the “CAAM Articles”) and we understand the commercial vehicles (including buses and trucks) market in the PRC remained stable, where the sales of commercial vehicles recorded a year on year increase of approximately 2% for the eight months ended 31 August 2024. We note that recent relevant government policies include (i) the notice 《關於促進汽車消費的若干措施》 (Various Measures for the Promotion of Vehicle Consumption) jointly published on 20 July 2023 by various PRC government authorities including 國家發展和改革委員會 (National Development and Reform Commission), where we understand the government policies would stimulate the demand of commercial vehicles through, among other things, the abolishment of aged commercial vehicles and the strengthening of vehicle consumption financial services; and (ii) the notice 《推動大規模設備更新和消費品以舊換新行動方案》 published on 7 March 2024 by 中華人民共和國國務院 (State Council of the People’s Republic of China), where we understand the government policies would stimulate the demand of commercial vehicles through the encouragement of renewal of the aged ones. We have further reviewed the World Economic Outlook dated July 2024 and published by the International Monetary Fund, where we understand the real gross domestic product of the PRC is projected to continue to grow, with an expected annual growth of approximately 4.5% for 2025. Based on the aforesaid, we understand (i) the industry remained stable; and (ii) the favourable measures (including the abolishment of aged commercial vehicles to boost market demand) in our aforementioned reviewed government policies are supportive factors for the expected growth represented by the proposed New Cap.

We have also reviewed the interim report of the Company for the six months ended 30 June 2024, where we understand that the Group will strive to perform well in, among other areas, (i) focus on key domestic markets and accelerate the introduction of new products; and (ii) focus on mainstream models and enhance the core competitiveness of new energy products. We further note that the revenue of the Group achieved a year on year growth of approximately 18% for the six months ended 30 June 2024 and an annual growth of approximately 44% for the year ended 31 December 2023. Based on the aforesaid, we understand (i) the ongoing business development of the Group; and (ii) the recent improvements in the financial results of the Group are supportive factors for the expected growth represented by the proposed New Cap.

In addition, we have discussed with the Management and we were advised by the Management that the total purchase amount of vehicle parts by the Group (including procurements of vehicle parts from both connected parties and independent third parties) for the nine months ended 30 September 2024 was approximately RMB43,608 million, representing an annualised amount of approximately RMB58,144 million (the “2024 Annualised Purchase Amount”). We note that the proposed New Cap for year 2025 represents approximately 41% of the 2024 Annualised Purchase Amount (assuming no annual growth in the annual purchase amount in year 2025). We understand the transaction amount with the Weichai Group also has potential to increase if the Group shifts its procurement from independent third parties to the Weichai Group, which offers terms that are no less favourable than those with independent third parties. In particular, we are advised by the Management that members of the Weichai Group became connected persons of the Company upon the completion of the gratuitous transfers as disclosed in the announcement of the Company dated 28 February 2022, where cooperation between the Group and the Weichai Group is expected to become closer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account, in particular, (i) the proposed New Cap provides flexibility for the Group to make procurements from the Weichai Group that are necessary for the manufacturing needs of the Group; (ii) the annual increase represented by the proposed New Cap for the year ending 31 December 2025 is comparable with the 2024 Achieved Growth Rate and also no higher than the recently achieved annual growth of the historical actual transaction amount for the year ended 31 December 2023; (iii) the annual increase represented by the proposed New Cap for the year ending 31 December 2025 is also no higher than the annual growth in revenue of the Group for the most recent financial year; (iv) the proposed New Cap represents around 41% of the 2024 Annualised Purchase Amount, implying a potential for the transaction amount to increase if the Group shifts its procurement from independent third parties to the Weichai Group, where cooperation between the Group and the Weichai Group is expected to become closer; (v) the stability of the industry environment and the supportive government policies, including the abolishment of aged commercial vehicles; and (vi) the ongoing business development of the Group, we consider the proposed New Cap to be fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the entering into of the Continuing Connected Transaction is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. We are also of the view that the terms of the Continuing Connected Transaction are on normal commercial terms and, together with the relevant proposed New Cap, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Continuing Connected Transaction at the EGM.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Kenneth Yam

Executive Director

Roger Tang

Director

Note: Mr. Kenneth Yam has been a Responsible Officer and Mr. Roger Tang has been a Representative of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Both of them have extensive experience in the corporate finance industry and have participated in the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the directors and chief executives of the Company and their associates (as defined in the Listing Rules) had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers:

Long Positions

The Shares

Name of Director	Nature of interest	Number of underlying Shares interested pursuant to the share award scheme	Approximate percentage of shareholding in the class
Mr. Liu Zhengtao	Beneficial owner	500,000	0.02
Mr. Liu Wei	Beneficial owner	500,000	0.02
Ms. Li Xia	Beneficial owner	350,000	0.01

Associated corporation — ordinary A shares in Weichai Power (a fellow subsidiary of the Company)

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the class
Mr. Wang Zhijian	Beneficial owner	600,000	0.01
Mr. Wang Chen	Beneficial owner	600,000	0.01
Mr. Cheng Guangxu	Beneficial owner	600,000	0.01

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, none of the Directors and chief executive of the Company had any interest and short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules adopted by the Company, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following person (other than a Director or the chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

(a) The Company

Long position

Name of Shareholder	Capacity in which interests are held	Note	Number of Shares held	Approximate percentage of shareholding
SHIG	Interest in controlled corporation	(a)	1,408,106,603	51%
CNHTC	Interest in controlled corporation	(b)	1,408,106,603	51%
Sinotruk (BVI) Limited	Beneficial owner		1,408,106,603	51%
FPFPS	Interest in controlled corporation	(c)	690,248,336	25%
Ferdinand Porsche Familien-Holding GmbH	Interest in controlled corporation	(d), (m)	690,248,336	25%
Ferdinand Alexander Porsche GmbH	Interest in controlled corporation	(e)	690,248,336	25%
Familie Porsche Beteiligung GmbH	Interest in controlled corporation	(f), (n)	690,248,336	25%
Porsche Automobil Holding SE	Interest in controlled corporation	(g), (o)	690,248,336	25%
Volkswagen AG	Interest in controlled corporation	(h)	690,248,336	25%
Volkswagen Finance Luxemburg S.A.	Interest in controlled corporation	(i)	690,248,336	25%
Volkswagen International Luxemburg S.A.	Interest in controlled corporation	(j)	690,248,336	25%
TRATON SE	Interest in controlled corporation	(k)	690,248,336	25%
TRATON International S.A.	Interest in controlled corporation	(l)	690,248,336	25%
MAN Finance and Holding S.A.	Beneficial owner		690,248,336	25%

Notes:

- (a) SHIG holds 65% interest in CNHTC. SHIG is deemed to have interest in all the Shares held (or deemed to be held) by CNHTC under the SFO.
- (b) CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited. CNHTC is deemed to have interest in all the Shares held (or deemed to be held) by Sinotruk (BVI) Limited under the SFO.
- (c) FPFPS holds 90% interest in Ferdinand Porsche Familien-Holding GmbH. FPFPS is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Porsche Familien-Holding GmbH under the SFO.
- (d) Ferdinand Porsche Familien-Holding GmbH holds 73.85% interest in Ferdinand Alexander Porsche GmbH. Ferdinand Porsche Familien-Holding GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Alexander Porsche GmbH under the SFO.
- (e) Ferdinand Alexander Porsche GmbH holds 100% interest in Familie Porsche Beteiligung GmbH. Ferdinand Alexander Porsche GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Familie Porsche Beteiligung GmbH under the SFO.
- (f) Familie Porsche Beteiligung GmbH holds 51.69% interests in Porsche Automobil Holding SE. Familie Porsche Beteiligung GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Porsche Automobil Holding SE under the SFO.
- (g) Porsche Automobil Holding SE holds 50.73% interest in Volkswagen AG. Porsche Automobil Holding SE is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen AG under the SFO.
- (h) Volkswagen AG holds 100% interest in Volkswagen Finance Luxemburg S.A. Volkswagen AG is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen Finance Luxemburg S.A. under the SFO.
- (i) Volkswagen Finance Luxemburg S.A. holds 100% voting interest in Volkswagen International Luxemburg S.A. Volkswagen Finance Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen International Luxemburg S.A. under the SFO.
- (j) Volkswagen International Luxemburg S.A. holds 89.72% voting interest in TRATON SE. Volkswagen International Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by TRATON SE under the SFO.
- (k) TRATON SE holds 100% voting interest in TRATON International S.A. TRATON SE is deemed to have interest in all the Shares held (or deemed to be held) by TRATON International S.A. under the SFO.
- (l) TRATON International S.A. holds 100% voting interest in MAN Finance and Holding S.A. TRATON International S.A. is deemed to have interest in all the Shares held (or deemed to be held) by MAN Finance and Holding S.A. under the SFO.
- (m) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Ferdinand Porsche Familien-Holding GmbH holds 100% interest in Ferdinand Alexander Porsche GmbH.

- (n) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Famille Porsche Beteiligung GmbH held a 27.73% interest in the capital of Porsche Automobil Holding SE and had a voting interest of 55.46% in this entity.
- (o) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Porsche Automobil Holding SE held a 31.40% interest in the capital of Volkswagen AG and had a voting interest of 53.30% in this entity.

(b) Members of the Group

Long position

Name of equity holder	Nature of interests	Name of the member of the Group	Approximate percentage of equity interest held
Liuzhou Yunli Investment Co., Ltd.	Beneficial owner	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd.	40%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Sinotruk Fujian Haixi Vehicles Co., Ltd.	20%
Chengdu Qingbaijiang District State-owned Asset Investment and Management Co., Ltd.	Beneficial owner	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd.	20%
Suizhou Huawei Investment Holdings Co., Ltd.	Beneficial owner	Sinotruk Hubei Huawei Special Vehicles Co., Ltd.	40%
Shandong International Trust Co., Ltd.	Beneficial owner	Sinotruk Auto Finance Co., Ltd.	6.52%
SHIG Investment Co., Ltd	Beneficial owner	Sinotruk (Ji'nan) Business Co., Ltd.	40%
Weichai Power	Beneficial owner	Weichai Intelligent Technology Co., Ltd.	15.793%
Weichai Lovol Intelligent Agricultural Technology Co., Ltd.	Beneficial owner	Weichai Intelligent Technology Co., Ltd.	7.502%
Rizhao Fengtai Transportation Co., Ltd.	Beneficial owner	Tongxin Zhixing Logistics Technology (Rizhao) Co., Ltd.	25%
Rizhao Development Co., Ltd.	Beneficial owner	Tongxin Zhixing Logistics Technology (Rizhao) Co., Ltd.	15%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. CLAIMS AND LITIGATIONS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Wang Zhijian was a director, the deputy secretary of the party committee and the general manager of SHIG, the secretary of the party committee, and chairman of the board of directors of CNHTC; Mr. Wang Chen was the executive deputy general manager of CNHTC; Mr. Liu Zhengtao was the deputy secretary of the party committee, director and general manager of CNHTC; Mr. Liu Wei was deputy general manager of CNHTC; Ms. Li Xia was the deputy general manager and financial controller of CNHTC; Mr. Cheng Guangxu is the deputy general manager of Weichai Power; Mr. Richard von Braunschweig was the finance director of MAN Truck & Bus UK Ltd.; Mr. Karsten Oellers was the head of group finance at TRATON SE; and Mr. Mats Lennart Harborn was the president of Scania China Group. Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had any interests in a business, apart from the interest in the Group's business, which competes or may compete with the business of the Group.

7. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.
- (b) As at the Latest Practicable Date, save for the following agreements and the respective subsisting continuing connected transactions entered into (i) between the Group and the CNHTC Group in which Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Zhengtao, Mr. Liu Wei and Ms. Li Xia would have been required to abstain from voting, (ii) between the Group and the Weichai Group in which Mr. Wang Zhijian would have been required to abstain from voting, and (iii) between the Group and TRATON SE (and its associates), in which

Mr. Richard von Braunschweig, Mr. Karsten Oellers and Mr. Mats Lennart Harborn would have been required to abstain from voting, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group:

- (i) the 2026 CNHTC Sale of Goods Agreement (as defined in the announcement of the Company dated 31 March 2023) and the relevant Supplemental Agreement (as defined in the announcement of the Company dated 25 March 2024)
 - (ii) the 2026 CNHTC Purchase of Goods Agreement (as defined in the announcement of the Company dated 31 March 2023) and the relevant Supplemental Agreement (as defined in the announcement of the Company dated 25 March 2024)
 - (iii) the 2026 Provision of Financial Services Agreement (as defined in the announcement of the Company dated 31 March 2023) and the relevant Supplemental Agreement (as defined in the announcement of the Company dated 25 March 2024)
 - (iv) the 2024 Weichai Parts Sales Agreement (as defined in the announcement of the Company dated 4 March 2022)
 - (v) the 2024 Weichai Parts Purchase Agreement (as defined in the announcement of the Company dated 30 October 2023)
- (c) As at the Latest Practicable Date, so far as is known to the Directors, the following Directors held offices in the substantial Shareholders set out in section 3 of this appendix above:

Name of Director	Positions held
Mr. Wang Zhijian	Director, deputy secretary of the party committee and general manager of SHIG, the secretary of the party committee and chairman of the board of directors of CNHTC
Mr. Wang Chen	Executive deputy general manager of CNHTC
Mr. Liu Zhengtao	Deputy secretary of the party committee, director and general manager of CNHTC
Mr. Liu Wei	Deputy general manager of CNHTC
Ms. Li Xia	Deputy general manager and financial controller of CNHTC
Mr. Karsten Oellers	Head of group finance at TRATON SE

8. MATERIAL ADVERSE CHANGE

The Directors do not consider there is any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

9. QUALIFICATION OF EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
First Shanghai Capital Limited	A license corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any asset which had been, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein a copy of its advice and references to its name, in the form and context in which they respectively appear. The letter of the Independent Financial Adviser contained herein was issued on 29 November 2024 and was made by the Independent Financial Adviser for incorporation in this circular.

10. MISCELLANEOUS

This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

A copy of the 2025 Weichai Parts Purchase Agreement will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.sinotruk.com>) from the date of this circular up to and including the date of the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Sinotruk (Hong Kong) Limited (the “Company”) will be held at 3:00 p.m. on Wednesday, 18 December 2024 at the meeting centre at No. 688 Shunhua South Road, Licheng District, Ji’nan City, Shandong Province, PRC (as the principal meeting venue) and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong (as the additional meeting venue) for the purposes of passing the following resolution, with or without amendments, as ordinary resolution of the Company:

ORDINARY RESOLUTION

To consider and, if thought fit, pass (with or without modification) the following resolution as an ordinary resolution of the Company:

“THAT:

- A. the execution of the 2025 Weichai Parts Purchase Agreement (as defined in the Circular) be and is hereby ratified, confirmed and approved;
- B. all transactions contemplated under the 2025 Weichai Parts Purchase Agreement and the proposed annual cap therefor for the year ending 31 December 2025 as set out in the Circular be and are hereby approved; and
- C. any Director be and is hereby authorised to do all acts and execute and deliver (whether under seal) all such documents for and on behalf of the Company as he/she considers necessary or desirable in connection with the 2025 Weichai Parts Purchase Agreement, the transactions contemplated thereunder and the proposed annual cap for the year ending 31 December 2025.”

By order of the Board
Sinotruk (Hong Kong) Limited
Wang Zhijian
Chairman of the Board

Ji’nan, the PRC, 29 November 2024

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the board of the Company consists of six executive directors of the Company including Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Zhengtao, Mr. Liu Wei, Ms. Li Xia and Mr. Richard von Braunschweig; three non-executive directors of the Company including Mr. Cheng Guangxu, Mr. Karsten Oellers and Mr. Mats Lennart Harborn; and six independent non-executive directors of the Company including Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng, Mr. Zhang Zhong and Dr. Liu Xiaolun.

Notes:

1. A member entitled to attend and vote at the meeting of the Company is entitled to appoint one or more proxies to attend and on a poll vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form and the power of attorney or other authorisation (if any) under which it is signed, or a notarially certified copy of such power of attorney or authorisation, must be deposited at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the meeting or any adjourned meeting should he/she so wishes.
3. The EGM of the Company will be held on Wednesday, 18 December 2024 and the register of members of the Company will be closed from Friday, 13 December 2024 to Wednesday, 18 December 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote in the EGM, holders of the Company's shares must lodge their share certificates together with the relevant share transfer documents with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Thursday, 12 December 2024.
4. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The proxy form for use at the EGM is enclosed with the Circular.
6. No corporate gifts, refreshments or drinks will be distributed.